
Revised Policy for OFM Approval of Journal Vouchers

MEMORANDUM

TO: Chief Financial Officers
All State Departments and Agencies

FROM: John J. Linderman, Director
Office of Financial Management

DATE: November 15, 1996

SUBJECT: Revised Policy for OFM Approval of Journal Vouchers

The purpose of this memorandum is to notify you of a change in the current policy governing the approval of journal vouchers by the Office of Financial Management (OFM).

Administrative Practice Memorandum (APM) #11 (attached), issued on September 19, 1994, identified types of entries which require OFM approval. Based upon the past two years of experience and suggestions from the Financial Management Users Group, it is apparent that policy modifications are warranted to streamline the approval process.

A summary analysis of transactions indicates that, by limiting OFM review to revenue and expenditure adjustments over \$100,000, the number of transactions reviewed would decrease to less than 20% of the total population, while the dollar value covered would still be over 98% of the total population. A full review and analysis of the entire JV process is planned for the future, but it is to our advantage to implement an interim change that will increase the efficiency of JV processing, while maintaining desired control.

The following change in the JV approval policy is effective immediately and supersedes the corresponding portions of APM #11. All other portions of APM #11 remain in effect.

Expenditure adjustments and revenue adjustments, which are processed as companion transactions on the R*STARS 509 Companion Entry Screen and also identified in the three bullet points on page 2 of APM #11, will need OFM approval only if the transaction amount exceeds \$100,000. For example, if you are recording a revenue adjustment using transaction code (TC) 407 and 408, OFM review and approval would only be necessary when the amount to be posted with TC 407 and TC 408 respectively was greater than \$100,000. Batch totals may exceed the \$100,000 threshold so long as the transaction amount on the companion transaction doesn't exceed \$100,000.

Expenditure Adjustments:

For expenditure adjustments less than \$100,000:

Users should process TCs 412 and 413 for non-payroll expenditure adjustments and TC 414 and 415 for payroll expenditure adjustments.

For expenditure adjustments exceeding \$100,000:
Users should process TCs 492 and 493 for non-payroll expenditure adjustments and TCs 494 and 495 for payroll expenditure adjustments.

Revenue Adjustments:

For revenue adjustments less than \$100,000:
Users should process TCs 407 and 408 for revenue adjustments.

For revenue adjustments exceeding \$100,000:
Users should process TCs 487 and 488.

OFM approval is not required for any combination of revenue/expenditure adjustments processed as companion transactions where one side of the companion transaction is less than \$100,000. Applicable transaction codes currently affected are TC 412, 413, 414, 415, 407, 408, and 962. If you or your staff has any questions regarding this modification of APM #11, please contact Mr. Leon E. Hank at (517) 373-1010, or your OFM agency liaison accountant.

Attachment

cc: M. Lannoye	P. Wippel
S. Engle	K. Smiley
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Administrative Practice Memorandum

Practice Number: APM-11

Date Issued: 9/19/94

Effective Date: 10/1/94

Subject: Journal Voucher Policies

Purpose:

To describe which agency-initiated journal voucher transactions require central approval by the Department of Management and Budget (DMB) Office of Financial Management (OFM).

Summary:

In order to perform its role as an oversight agency, DMB has the authority to centrally approve certain journal voucher transactions initiated by other State agencies that meet specific financial and internal budgetary control criteria. These criteria are documented in this APM.

Administrative Practice:

OFM has tentatively decided the types of transactions requiring their approval. They include:

- Establishment of Long-Term Assets and Liabilities and Deferred Revenue
- Establishing Prepaid Items
- Reclassification of Current Liabilities and Assets to Long-Term
- Reclassification of Revenue to Deferred Revenue
- Expenditure Adjustments over 100,000
 - Between Appropriated Line Items
 - Where There is a Net Change in Expenditures
- Revenue Adjustments over 100,000
 - Between General Purpose and Restricted
 - Where Revenue is Being Adjusted Between Financing Types. The financing type values include:
 - 01 State General Purpose
 - 02 State Restricted
 - 03 Federal
 - 04 Local
 - 05 Private
 - Where There is a Net Change in Revenues
- Where the revenue is adjusted between D01 Objects that are used to classify revenue. The examples of the D01 Object include:
 - 1000 Revenue from Taxes
 - 1300 Revenue from Federal Agencies
 - 1400 Revenue from Local Agencies
 - 1500 Revenue from Services
 - 1600 Revenue from Licenses and Permits

1700 Revenue from Fees
1800 Other Revenues
1900 Asset, Liability, and Related Int/Inv Revenue
2000 Miscellaneous Transfers
2100 Trust Revenues

As a general rule, OFM will not review transactions that represent normal transfers of funds between two D22 appropriated funds. For example, if cash is adjusted between 0110 General Fund and 0112, Game and Fish Fund, the document type "GR" should be used.

The transaction codes and document types (which are still being finalized) will determine if OFM needs to approve other specific JV transactions.

OFM will be able to review and approve the JVs entered by an agency on-line. In addition, 99 pages of free form text are available to the agency to describe the transaction in the journal voucher document.

In cases where additional documentation is required to support the transaction (e.g. copy of legislation, memo, etc.), a hard copy of the documentation will be submitted via interoffice mail to OFM for review. The submitting agency must write the JV document number and their agency number on all supporting documents forwarded to OFM for central agency approval. Alternately, supporting documents may be transmitted by facsimile or hand-carried to OFM.

In addition, each agency will be requested (by letter) to inform OFM of a primary and backup person who are authorized to transmit JVs requiring central approval to OFM.

This AP will be reviewed in January 1995.

Agencies Impacted:

All Agencies.

Contact: Don Knieper - DMB

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MAIN Reference:

N/A

State Policy/Procedure Reference:

N/A

* The implementation of MAIN requires modifications to or the introduction of new administrative practices to support the new functionality being introduced. MAIN Administrative Practice Memoranda are being provided to guide agency work, clarify procedures, and/or affirm responsibilities of agencies and for central control operations.